

NEWS

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FOR IMMEDIATE RELEASE
March 30, 2009

Senior Investigator with N.J. Department of Labor and a Manager
of Temporary Labor Firms Plead Guilty to Bribery Scheme

– Second Labor Employee and Two Others Charged –

(More)

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CAMDEN – A senior investigator with the N.J. Department of Labor & Workforce Development, Division of Wage and Hour Compliance, pleaded guilty today to federal charges in connection with a bribery scheme, admitting he accepted bribe payments totaling more than \$1.86 million from owners and operators of temporary labor firms in return for his official assistance benefitting the companies, Acting U.S. Attorney Ralph J. Marra announced.

Also today, the manager of several temporary labor firms pleaded guilty to paying bribes to the senior investigator and a second employee with the N.J. Department of Labor Workforce Development (“NJDOL”). In addition, three separate federal criminal Complaints were filed today charging an NJDOL field investigator and two operators of temporary labor firms for giving and accepting bribes.

Joseph Rivera, 53, of Winslow, a senior investigator with NJDOL, pleaded guilty before U.S. District Judge Noel L. Hillman to a two-count Information which charges him with one count each of solicitation and acceptance of a bribe and tax evasion. Judge Hillman released the defendant on a \$100,000 bond pending sentencing, which is scheduled for July 6.

As part of his plea, Rivera will forfeit monies and property equal to \$1.863 million, which represents the proceeds he obtained through the bribery scheme. The forfeitures include \$120,400 in cash; two Ocean City, N.J., properties; a Fort Lauderdale, Fla., property; a 2008 Lexus Es 350; eight gold plates; and numerous other gold and silver coins.

“The conduct described by two of these defendants at their plea hearings and in the criminal Complaints was driven by pure greed,” said Marra. “Mr. Rivera’s corrupt actions lined his own pockets, and provided temporary labor firms with an unwarranted advantage against those employers who operate lawfully.”

Rivera’s responsibilities as a senior investigator included inspecting temporary labor firms working in southern New Jersey to verify compliance with state wage and hour laws, and with regulations regarding taxes and worker’s compensation insurance coverage.

At his plea hearing, Rivera admitted that between 2002 and late 2008, he solicited and accepted corrupt cash payment from at least 20 owners or operators of temporary labor firms that were in the scope of his inspection activities. Rivera admitted that he typically calculated the amount of a bribe payment by multiplying \$0.25 by the total number of hours worked by a temporary labor firm’s employees.

In exchange for these corrupt payments, Rivera admitted that he used his position on behalf of and for the benefit of the temporary labor firms that were paying him bribes. Rivera admitted that he refrained from inspecting these firms and falsely certified that these firms were in compliance with state wage and hourly statutes and regulations. Rivera also recommended these firms to other businesses as firms that should be hired.

Rivera also admitted that he attempted to evade paying income taxes on the income derived

from the corrupt scheme. Rivera admitted that for tax year 2007 he filed an individual tax return that claimed taxable income of approximately \$89,696, when he, in fact, knew his total taxable income was approximately \$499,176, upon which he owed approximately \$149, 677 in federal income taxes.

“The prosecution of individuals who intentionally conceal income and evade taxes is a vital element in maintaining public confidence in our tax system,” said Special Agent in Charge William P. Offord, IRS Criminal Investigation. “Mr. Rivera’s actions equate to the fox guarding the hen house, although in this case, the fox was not as sly as he thought.”

Also today, Yohan Wongso, 27, of Philadelphia, pleaded guilty before Judge Hillman to a one-count Information that charges him with bribery. At his plea hearing, Wongso admitted that from 2006 through 2008, he worked at several temporary labor firms, during which he paid bribes to Rivera and James Peyton, a field investigator with NJDOL. Judge Hillman released the defendant on a \$50,000 bond pending sentencing, which is scheduled for July 6.

One of the three Complaints filed today charges Peyton, 71, of Salem, a field investigator with NJDOL’s Division of Employer Accounts, with one-count of solicitation and acceptance of a bribe. Peyton’s responsibilities as a field investigator included conducting audits of employer books and records, reviewing quarterly payroll tax filings, and taking other investigative steps to ensure employer compliance with various payroll tax laws, including the New Jersey Unemployment Compensation Law and Temporary Disability Benefit laws. According to the Complaint, Peyton began accepting cash bribes in 2005 and took as much as \$8,000 in cash per quarter.

The two remaining Complaints separately charge Channavel “Danny” Kong, 37, of Philadelphia, and Thuan Nguyen, 37, of Philadelphia, with making bribe payments to Rivera. According to the Complaints, both defendants paid the bribes to Rivera so that he would not audit the temporary labor firms they operated.

Despite the charges set forth in the complaint, every defendant is presumed innocent, unless and until found guilty beyond a reasonable doubt.

The bribery charge to which Rivera and Wongso pleaded guilty, and to which Peyton and Kong were charged, carries a maximum statutory penalty of 10 years in prison and a fine of \$250,000 or twice any pecuniary gain to the defendant or loss to any victim, whichever is greatest. The tax evasion charge to which Rivera pleaded guilty carries a maximum statutory penalty of 5 years in prison and a fine of \$250,000. Nguyen was charged with interstate travel in aid of racketeering, which carries maximum statutory penalty of 5 years in prison and a fine of \$250,000 or twice any pecuniary gain to the defendant or loss to any victim.

In determining an actual sentence, Judge Hillman will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant’s criminal history, if any, and other factors, including acceptance of responsibility. The judge has wide discretion and is not bound by

those guidelines in determining a sentence.

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all of that time.

Marra credited Special Agents of the IRS Criminal Investigation, under the direction of Special Agent in Charge William P. Offord, and the FBI's South Jersey Resident Agency, under the direction of Special Agent in Charge Janice K. Fedarczyk, with the investigation leading to today's guilty plea.

The government is represented by Assistant U.S. Attorney Joshua Drew of the U.S. Attorney's Office criminal Division in Camden.

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Defense Attorneys:

Rivera – Lawrence Luongo, Jr., Esq. Voorhees

Wongso – Gilbert Scutti, Esq. Somerdale

Peyton – Joseph O'Neill, Esq. Vineland

Kong – Michael Wallace, Esq. Haddon Twp.

Nguyen – unknown